

ANNUAL REPORT  
OF THE  
COMPTROLLER OF THE STATE.COMPTROLLER'S OFFICE,  
ALBANY, December 16, 1880.

To the Legislature:—In obedience to chapter 350, laws of 1847, has the honor to submit to the Legislature the following report, exhibiting the state of the treasury and the condition of the funds, at the termination of the fiscal year which expired September 30, 1880.

The several funds belonging to this State, an account of which is presented in this report, are the General Fund, the Canal Fund, the Literature Fund, the Common School Fund, the United States Deposit Fund, the Sinking Fund, established for the payment of the public debt, the Bank Fund, and certain trust funds, to which reference will be made.

## GENERAL FUND.

Balance in the treasury on the 30th of September, 1879, \$113,279 22

Amount received into the treasury on account of the General Fund, during the year ending 30th Sept., 1880 (see statement A), 751,297 66

Amount transferred from the General Fund, Sinking Fund, for interest on moneys advanced from the treasury to meet the demands on that fund, 6,726 18

Amount transferred from the School Fund, for bonds for lands received during the year, belonging to the General Fund, 9,661 50

Amount of warrants drawn on the treasury, remaining unpaid on the 30th September, 1880, 277 01

Amount of warrants drawn on the treasury on account of the General Fund, during the year ending 30th September, 1880, (see statement B), \$507,340 32

Amount transferred to the following funds on the 30th of September, 1880, viz:—

School Fund, \$12,701 32

Bank Fund, 622 40

Sinking Fund, 4,880 86

Amount transferred to the General Fund, Sinking Fund, for interest on moneys advanced from said fund, 1,026 66

Amount of warrants drawn on the treasury, which remained unpaid on the 30th September, 1880, 148 73

\$281,241 57

Surplus of revenue on the 30th Sept., 1880, \$54,321 28

It will be perceived from this exhibit that the General Fund is in a healthy condition, and has been found sufficient to meet all the demands upon the treasury during the year. There remained on hand at the close of the year a surplus of \$54,321 28. The surplus of the year 1879 was \$113,279 22, from which it appears that the ordinary expenditures exceeded the receipts of the year \$58,957 94.

It will be observed, that there is due to the General Fund revenue from the General Fund Sinking Fund, on account of advances made in 1846, a balance of \$54,566 24, which should be refunded immediately by transferring to the School Fund, as an investment, an equal amount of the Bank Fund Stock, owned by the State.

For this purpose it becomes necessary that the Legislature authorize the transfer to be made. It will furnish a safe investment of the capital of the School Fund, and the Comptroller concurs in the recommendation made by several of his predecessors, that a law be passed conferring the necessary authority.

The Comptroller continues to entertain the opinion expressed to the Legislature, at its last session, that the resources of the General Fund, as now constituted, will prove sufficient to provide for all the legitimate expenses of government, without resort to further loans or increased taxation. But it must not be disguised, that this opinion rests upon a belief that prudence will be observed in exercising the power of appropriation. A just and economical distribution of the funds, as shown, in authorizing new objects of expenditure.

In addition to the surplus on hand, it is assumed in the estimate, herewith submitted, that the ordinary revenue for the present fiscal year will be \$72,630 57.

The principal revenues of the general fund are derived from the State tax, the auction duties, and the contribution of \$300,000 per annum from the Canal Fund. The proceeds of the State tax may be materially increased by such a revision of the laws regulating taxation, as will ensure a full and equitable valuation of the taxable property of the State. Further experience has served to confirm the soundness and importance of the suggestions on this subject, communicated to the last Legislature in two reports from this office. (See Assembly Documents No. 8 and No. 132.) The present law is correct in the principle and in its details, but some of its most important provisions are practically disregarded. All personal property, (with certain specified exceptions,) is subject to taxation, yet it is notorious that a large amount of personal estate, having no exemption, escapes assessment. The law requires that all real estate (as well as personal,) should be estimated by the assessors at its full value, less what they would pay the same in payment of a just debt due from a solvent debtor.

In the city of New York, and in some of the counties, full effect is given to the law, by estimating the taxable property at its actual value. But in many counties this principle is entirely disregarded. A system of undervaluation has been adopted and carried into practice from year to year, until it has grown into a custom too general to yield to the force of statutory requirements. It is assumed that the majority of the counties, the average valuation of real estate, as returned by the assessors, is less than one-half the actual cash or market value. In some localities, farms worth forty dollars per acre, are assessed at twelve or fifteen dollars per acre. The Comptroller cannot but regard this departure from the legal rule as a dangerous abuse, subversive of public morality, destructive of that equality which should be preserved between individuals and counties in the imposition of public burdens, and extremely prejudicial to the interests of the treasury.

It is of the first importance, that a uniform principle of valuation should be enforced throughout the State. The justice and equity of this proposition, are so obvious as to command universal assent; and we cannot doubt that it will be cheerfully acquiesced in by all citizens.

But while the Legislature enforces its assessments to less than half the true value, other counties are constrained to adopt the same usage as the only means of self-defense, until at length the assessors yield to the influence, and the force of precedent becomes so strong, that the positive injunctions of the law. The evil here adverted to requires the early attention of the Legislature. The Comptroller would recommend that the entire law, regulating assessments and revenue, may be made the subject of careful review and revision, in addition to the usual oath of the assessors, should be required, after completing their assessments, to make a further oath that all the taxable property of the county has been assessed at its full value, according to their best judgment. The Comptroller would also suggest that some new provisions of law be enacted to regulate the assessment of corporations. Much embarrassment has been experienced by assessors, and by the State, in consequence of the inapplicability of the Revised Statutes to new classes of corporations of recent origin and development. A comprehensive, equitable and well defined system for the assessment of the capital of railroads, telegraphs, and insurance corporations, is deemed indispensable.

It is thought proper to make these suggestions on the subject of assessments in this connection, because of their immediate bearing on the financial condition of the General Fund. It may safely be estimated that a full and uniform valuation of taxable property throughout the State, would increase the proceeds of the half mill tax from \$100,000 to \$150,000 per annum.

In estimating the ability of the general fund to meet new appropriations, the Comptroller has not lost sight of certain resources (aside from the estimate of current receipts from ordinary sources herewith submitted) which will be realized at full value in the next two years. The sale of tax lands made in 1848, included the unpaid taxes to the year 1844 inclusive. There is still due to the treasury for unpaid taxes on non-resident lands, the sum of \$167,135, besides interest thereon, amounting to about \$40,000. The two years allowed for redeeming the lots sold in 1848, having expired, it will be the duty of the Comptroller to prepare the sale of these lands as early as practicable. It is intended to hold the sale early in 1882, when the amount above stated will be realized. There is also due to the treasury for advances on account of the tax of 1849, on non-resident lands, a further sum,

amounting to \$55,319. These lands, under the act of 1850, providing for the sale of lands for unpaid taxes in the counties where they were assessed, must be sold by the county treasurers on the first Tuesday of December, 1882, when the amount due on the value of the lands in the month of May, 1882, will be realized.

At the sale of 1848, the Comptroller reserved from certain lands on the Buffalo, Cattaraugus and Allegany reservations, by reason of legal proceedings commenced by pre-emption owners to obtain the value of the lands in the month of May, 1848, the treasury for advances on the lands thus reserved, which must be realized either from a sale of the lands, or a call upon the counties, is computed at \$41,000. The Comptroller had hoped for an early sale of this important property. But the hearing has been delayed, and the case is still pending before the Supreme Court. The Attorney General is making a praiseworthy effort to expedite the proceedings, and a decision will doubtless be obtained before advertising for the tax sale of 1882.

At the sale of 1848, the Comptroller, for want of bidders, bought in for the State certain lands, at the amount of the taxes thereon, being \$30,025 94. These lands are unredemmed \$28,780, besides interest, and it is assumed that \$25,000 will be realized from the redemption or re-sale of these lands.

In the last annual report from this office, the Comptroller called the attention of the Legislature to an account between the State treasury and the city of New York. The books of this department exhibited a balance against the city treasury of \$113,716 21, consisting chiefly of certain taxes on mutual insurance companies returned to the Comptroller by the Chamberlain of the city of New York, 1846, 1847 and 1848, and this balance was increased to \$132,307 95, by similar returns of taxes for the year 1849. Doubts were entertained as to the legal liability of mutual insurance companies to pay taxes on their property, and the reason why predecessors refused to credit these returns.

The last legislature, (chap. 186, Laws of 1850) provided for an equitable settlement of the accounts between the State Treasury and the city of New York. A proceeding was then pending between the Sun Mutual Insurance Company and the city corporation, involving the validity of the tax, and the Chamberlain had been given by a judge adverse to the city. The case was subsequently carried before the Supreme Court, and fully argued at the last May term, when the previous decision was reversed, and the legal liability of the class of corporations to taxation on their investments of capital was affirmed by the court. Regarding this judicial decision as of binding authority, the Comptroller has deemed it his duty to admit the returns and place the amounts to the credit of the city treasury, in pursuance of section 20, title 4, chapter 13, part 1, Revised Statutes. A final and satisfactory settlement has been effected with the Comptroller and Chamberlain of the city of New York, and the balance of \$132,307 95, returned as conceived to be irregular and unauthorized, and amounting to \$26,070 57, were rejected by the Comptroller, and that amount has been paid into the State treasury by the city Chamberlain. The same admission by the Comptroller have been placed in the hands of the Attorney General, who will proceed to recover the taxes in the manner prescribed by law, unless such proceedings should be rendered unnecessary by voluntary payments.

The balance due the city of New York, on the 30th September, 1880, will be realized. The Comptroller is of opinion that, in addition to the current or accruing revenues anticipated in the regular estimates, the General Fund will realize from the resources and balances above referred to, the sum of \$150,000, and about \$350,000, and probably over \$400,000.

If the Legislature should deem it expedient to make appropriations for new objects of utility and beneficence, the time and amount of such expenditures should be justified by the resources and anticipated means, so as not to trench upon the current revenues required for the ordinary support of government.

For a detailed exhibit of the receipts and payments, and of the condition of the fund, and other funds during the last year, reference is made to the statements hereto annexed, marked A and B.

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\$281,241 57

Surplus of revenue on the 30th Sept., 1880, \$54,321 28

It will be perceived from this exhibit that the General Fund is in a healthy condition, and has been found sufficient to meet all the demands upon the treasury during the year. There remained on hand at the close of the year a surplus of \$54,321 28. The surplus of the year 1879 was \$113,279 22, from which it appears that the ordinary expenditures exceeded the receipts of the year \$58,957 94.

It will be observed, that there is due to the General Fund revenue from the General Fund Sinking Fund, on account of advances made in 1846, a balance of \$54,566 24, which should be refunded immediately by transferring to the School Fund, as an investment, an equal amount of the Bank Fund Stock, owned by the State.

For this purpose it becomes necessary that the Legislature authorize the transfer to be made. It will furnish a safe investment of the capital of the School Fund, and the Comptroller concurs in the recommendation made by several of his predecessors, that a law be passed conferring the necessary authority.

The Comptroller continues to entertain the opinion expressed to the Legislature, at its last session, that the resources of the General Fund, as now constituted, will prove sufficient to provide for all the legitimate expenses of government, without resort to further loans or increased taxation. But it must not be disguised, that this opinion rests upon a belief that prudence will be observed in exercising the power of appropriation. A just and economical distribution of the funds, as shown, in authorizing new objects of expenditure.

In addition to the surplus on hand, it is assumed in the estimate, herewith submitted, that the ordinary revenue for the present fiscal year will be \$72,630 57.

The principal revenues of the general fund are derived from the State tax, the auction duties, and the contribution of \$300,000 per annum from the Canal Fund. The proceeds of the State tax may be materially increased by such a revision of the laws regulating taxation, as will ensure a full and equitable valuation of the taxable property of the State. Further experience has served to confirm the soundness and importance of the suggestions on this subject, communicated to the last Legislature in two reports from this office. (See Assembly Documents No. 8 and No. 132.) The present law is correct in the principle and in its details, but some of its most important provisions are practically disregarded. All personal property, (with certain specified exceptions,) is subject to taxation, yet it is notorious that a large amount of personal estate, having no exemption, escapes assessment. The law requires that all real estate (as well as personal,) should be estimated by the assessors at its full value, less what they would pay the same in payment of a just debt due from a solvent debtor.

In the city of New York, and in some of the counties, full effect is given to the law, by estimating the taxable property at its actual value. But in many counties this principle is entirely disregarded. A system of undervaluation has been adopted and carried into practice from year to year, until it has grown into a custom too general to yield to the force of statutory requirements. It is assumed that the majority of the counties, the average valuation of real estate, as returned by the assessors, is less than one-half the actual cash or market value. In some localities, farms worth forty dollars per acre, are assessed at twelve or fifteen dollars per acre. The Comptroller cannot but regard this departure from the legal rule as a dangerous abuse, subversive of public morality, destructive of that equality which should be preserved between individuals and counties in the imposition of public burdens, and extremely prejudicial to the interests of the treasury.

It is of the first importance, that a uniform principle of valuation should be enforced throughout the State. The justice and equity of this proposition, are so obvious as to command universal assent; and we cannot doubt that it will be cheerfully acquiesced in by all citizens.

But while the Legislature enforces its assessments to less than half the true value, other counties are constrained to adopt the same usage as the only means of self-defense, until at length the assessors yield to the influence, and the force of precedent becomes so strong, that the positive injunctions of the law. The evil here adverted to requires the early attention of the Legislature. The Comptroller would recommend that the entire law, regulating assessments and revenue, may be made the subject of careful review and revision, in addition to the usual oath of the assessors, should be required, after completing their assessments, to make a further oath that all the taxable property of the county has been assessed at its full value, according to their best judgment. The Comptroller would also suggest that some new provisions of law be enacted to regulate the assessment of corporations. Much embarrassment has been experienced by assessors, and by the State, in consequence of the inapplicability of the Revised Statutes to new classes of corporations of recent origin and development. A comprehensive, equitable and well defined system for the assessment of the capital of railroads, telegraphs, and